

Narrative

KOSCIUSKO RATIO STUDY - 2021

General Information

County Name: Kosciusko

Person's Performing Ratio Study and their contact Information:

Main Office #574-372-2310

Assessor: Susan Engelberth

Trending Department's

Residential

Christy Doty

John Beer

Commercial/Industrial

Kylie Popenfoose

Darby Davis

Sales Window

Industrial Vacant – 01/01/2017 to 12/31/2020: Due to a lack of recent sales, we included prior sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Industrial Improved - 01/01/2016 to 12/31/2020: Due to a lack of recent sales, we included prior sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Commercial Vacant - 01/01/2017 to 12/31/2020: Due to a lack of recent sales, we included prior sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Commercial Improved - 01/01/2016 to 12/31/2020: Due to a lack of recent sales, we included prior sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Residential Vacant – 01/01/2020 to 12/31/2020:

Residential Improved – 01/01/2020 to 12/31/2020:

Excepting the following:

Residential Storage and Condominium Units (550's & 555's) – 01/01/2016 to 12/31/2020:

Due to lack of recent sales in **some** Condominium Neighborhoods, we included sales as far back as 2016 to have a larger sample size. We time adjusted the sale prices of the older sales using the CPI (Consumer Price Index).

Groupings

Industrial Vacant: There were five industrial vacant sales from 2017 to 2020 in the entire county. After time adjusting the older sales, we had to group them together due to sample size. Therefore, the Industrial Vacant grouping includes all townships.

Industrial Improved: There were only four sales in 2020 and only two were located in the same township. For better representation, we grouped them together and time adjusted the older industrial sales. Therefore, the Industrial Improved grouping includes all townships.

Commercial Vacant: There were only three valid sales in 2020 and out of these sales only one township was represented; Wayne. Wayne did not have enough sales on its own to stand alone. We analyzed the 2019 sales, which included Jackson, Plain, and Turkey Creek. We grouped these sales together with Wayne to get a better representative sample for vacant commercial ground. Next, we added Washington and Van Buren, because they are heavily influenced by US 30 and State Road 15. We then added in 2017 and 2018 sales from other townships for an improved sample size. We made sure to time adjust older sales using the CPI (Consumer Price Index). Therefore, the Commercial Vacant grouping includes all townships.

Commercial Improved: Due to the influences of US 30 and State Road 15, we grouped Wayne and Plain townships together. Van Buren Township, located just north of Plain, is also influenced by State Road 15 and the traffic between Warsaw and Goshen, IN. For this reason, we grouped Wayne, Plain, and Van Buren together. Turkey Creek and Tippecanoe had sufficient sales to trend on their own. The twelve remaining townships were grouped together because they make up the smaller communities in Kosciusko County and therefore have less commercial presence. Together they are more characteristic of what is happening in the market.

Residential Vacant: The following Townships had a sufficient number of sales to trend on their own: Plain, Van Buren, Turkey Creek, Tippecanoe and Wayne. The remaining Townships: Clay, Etna, Franklin, Harrison, Jackson, Jefferson, Lake, Monroe, Prairie, Scott, Seward, Washington, were grouped together as their sales were limited.

Residential Improved: Similar to Residential Vacant our groupings were primarily “location” driven. However, with the improved properties we have more sales to work with and so the groupings in Improved were divided up more. The following Townships had a sufficient number of sales to trend on their own: Clay, Harrison, Lake, Plain, Prairie, Tippecanoe, Turkey Creek, Van Buren, Washington and Wayne. A few of the remaining seven (7) Townships did have sufficient sales to trend on their own but were paired up with similar Townships with too few sales. Etna, Jefferson, and Scott were paired as these Townships have similar market’s (rural) and make up the northwest section of our County. Their land values are influenced by having similar soil types, but also influenced by a certain segment of our Counties population. Franklin and Seward were trended together as they are located in the southwest corner of the county and share similar markets with small lakes and rural land. The two remaining Townships, Jackson and Monroe are in the southeast corner of the county and once again share similarity in their markets.

AV Increases/Decreases

If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.

Property Type	Townships Impacted	Explanation
Commercial Improved	Monroe	Monroe: One parcel changed from Commercial Improved to an Exempt property.
Commercial Vacant	Turkey Creek, Wayne	Turkey Creek: Downtown Syracuse sales showed that an increased land base rate change was needed. A former exempt property sold and changed to commercial vacant. Wayne: Commercial vacant properties sold and changed use to Commercial Improved. Sales in segmented areas of Wayne indicated that a decreased land base rate change was appropriate during our land change order.
Industrial Improved	Jefferson, Turkey Creek	Jefferson: Due to industrial sales, the market rate needed to go up by 4%. New Construction in this township caused the AV to go up even further. There was a \$2 million addition on one parcel alone. Turkey Creek: Two parcels in this township had multi-million-dollar additions and new buildings constructed. There was also a series of other new buildings added and complete remodels to older Industrial businesses in the Syracuse area, which increased the effective age accordingly.
Industrial Vacant	Plain	Plain: Sales in this township indicated a land base rate change was needed, which was part of our land order. Three large parcels changed from Industrial Improved to Industrial Vacant after a split.
Residential Improved	Monroe Scott Washington	Monroe: Homesite values increased by 11.11% and excess acreage values by 10%. New construction of homes, additions to homes, renovations, and adding outbuildings all contributed to the AV increase exceeding 10% Scott: Homesite values increased by 13.64% and excess acreage values by 16.67%. New construction of homes, additions to homes, renovations, and adding outbuildings all contributed to the AV increase exceeding 10% Washington: Homesite values increased by 11.11% and excess acreage values by 10%. Jellystone (Yogi Bear Campground) lots increased by 15.79% and the Town of Pierceton's base rate increased by 40%. New construction of homes, additions to homes, renovations, and adding outbuildings all contributed to the AV increase exceeding 10%

<p>Residential Vacant</p>	<p>Jefferson Prairie Scott Seward Van Buren Washington Wayne</p>	<p>Jefferson: Homesite values increased by 13.64%, excess acreage values by 16.67%, and base rate along SR 19 increased by 8.70%. This was the reason for all but one of the properties' increases in their assessed value, the other property also had its lot depth corrected. Three properties had their assessed values decrease by more than 10%. This was due to splits or correction of lot dimensions.</p> <p>Prairie: Homesite values increased by 10.00%, excess acreage values by 16.67%, Hoffman Lake off-water base rate increased 25%, and Hoffman Lake on-water increased 20%. Correcting land pricing method was the reason for the largest increases in assessment. The next two largest increases were due to combines, and all other assessment increases were due to the increase in base rates or excess acreage value.</p> <p>Scott: Homesite values increased by 10.00%, and excess acreage values by 16.67%. All increases in land assessment were due to the increase in the excess acreage rate.</p> <p>Seward: There were no increases in homesite or excess acreage values in Seward Township. Base rates on and around the small lakes in this township increased anywhere from 5.26% to 52.63%. The base rate increases were the primary reason for assessed values increasing by greater than 10%. One parcel's assessed value dropped by 36.00% due to correcting influence factors.</p> <p>Van Buren: Homesite values increased by 10.00%, excess acreage values by 8.33%. Van Buren Township neighborhoods had base rate increases from 1.25% to 20.00%. Four parcels had developer's discount removed, but most of the assessed value increase was due to the increase in base rates. One Van Buren neighborhood's base rate was reduced by 26.67%. This caused the assessed value of six parcels to drop by over 30%.</p> <p>Washington: Homesite values increased by 11.11%, excess acreage values by 10.00%. Washington neighborhoods had base rate increases from 0.00% to 40.00%. The parcel with the most significant value change was due to removing the developer's discount. Two parcels had their land pricing corrected. Most of the assessment increase is due to the increase in base rates or the increase in the excess acreage rate.</p> <p>Wayne: Homesite values increased by 10.00%, excess acreage values by 8.33%. Wayne Township neighborhoods had base rate increases from 0.00% to 38.46%. Forty-nine parcels had developer's discount removed, but most of the assessed value increase was due to the increase in base rates.</p>
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Cyclical Reassessment

Please explain in the space below which townships were reviewed as part of the current phase of the cyclical reassessment.

<u>Township</u>	<u>Property Class Group</u>
Jefferson	Residential
Lake	Utility/Mineral
Plain	Residential, Ag
Tippecanoe	Res (excl. Jellystone Park, reassessed in 2019), Ag, Comm/Ind, Exempt, Utility/Mineral
Van Buren	Ag
Washington	Ag, Comm/Ind, Exempt, Utility/Mineral
Wayne	Res (Shadow Lakes, Deeds Creek, The Country, Hickory Estates, Timberline Addition), Remainder of Ag Parcels not reassessed in 2020, Com/Ind (216 parcels), Exempt (232 parcels), Utility/Mineral (22 parcels)

Land Order

The Land order was completed for the current cyclical reassessment phase - Phase 3 – 05/01/20 through 12/31/20.

Comments

The Kosciusko County real estate market saw little to no effects of the Covid 19 Pandemic in 2020. A January 21, 2021, publication of Kosciusko’s Local Market Update (see attached) – shows December 2020’s median residential Sale Prices are up 10.3% from the previous year. Reports also showed the months of September, October, and November saw an increase of more than 13% over the same months in 2019. This market update is made available to all counties in Indiana by the Indiana Association of REALTORS on a monthly basis.

The increasing market values were also evidenced by the large number of sales disclosures collected and building permits issued in Kosciusko County in 2020. With the ever-increasing values, homeowners were fixing up their homes and then selling at/or above listing price at times.

“2020 was a record year for residential real estate because the pandemic forced nearly everyone to evaluate their home,” said Indianapolis’ Roger Lundy, 2021 President of the Indiana Association of REALTORS®. “People were discovering new space needs due to working and learning from home. They were wanting different space in which to spend longer periods of time.”

Local Market Update for December 2020

A RESEARCH TOOL PROVIDED BY THE INDIANA ASSOCIATION OF REALTORS®

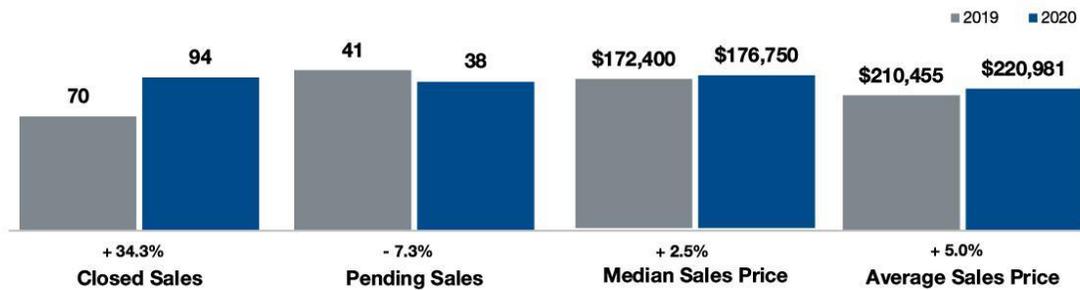


Kosciusko County

Key Metrics	December			Year to Date		
	2019	2020	Percent Change	Thru 12-2019	Thru 12-2020	Percent Change
New Listings	36	44	+ 22.2%	1,128	1,007	- 10.7%
Closed Sales	70	94	+ 34.3%	1,007	1,011	+ 0.4%
Median Sales Price	\$172,400	\$176,750	+ 2.5%	\$174,900	\$193,000	+ 10.3%
Percent of Original List Price Received*	97.5%	97.8%	+ 0.3%	97.4%	98.3%	+ 0.9%
Months Supply of Inventory	2.2	1.2	- 45.5%	--	--	--
Inventory of Homes for Sale	184	99	- 46.2%	--	--	--

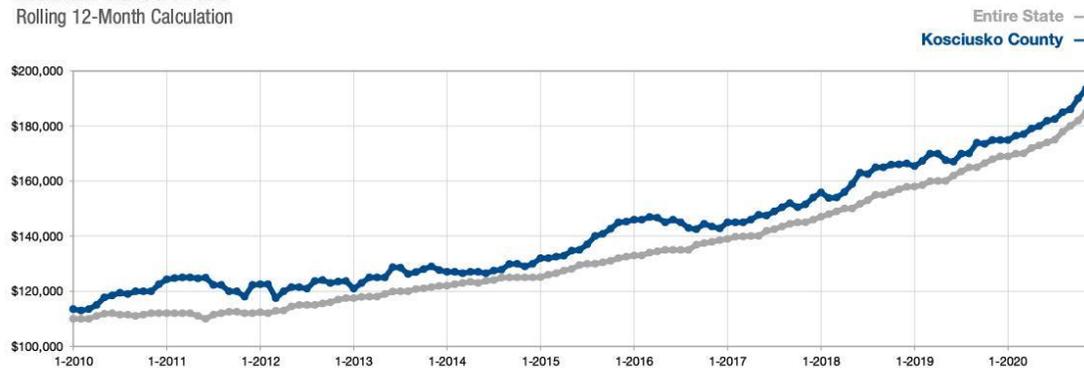
* Does not account for list price from any previous listing contracts. | Activity for one month can sometimes look extreme due to small sample size.

December



Median Sales Price

Rolling 12-Month Calculation



A rolling 12-month calculation represents the current month and the 11 months prior in a single data point. If no activity occurred during a month, the line extends to the next available data point.

Current as of January 21, 2021. Data obtained from participating Multiple Listing Services (MLSs) and Broker Listing Cooperatives® (BLCs®). Report © 2021 ShowingTime.

River View Add – 300200-031 and Bogg’s Sub – 400700-032

These two residential neighborhoods consist primarily of modest sized single-story homes built between 1950 and 1980. The most of these homes have been remodeled or renovated since their original build date. The updates range from the typical home maintenance, reroofing, replacing windows, insulating, updating plumbing and heating, to extensive renovations where the structure was stripped to the studs and nearly all the home’s components updated. Even minor updates to a home increase its economic life and subsequently reduces its effective age. Extensive renovations, where most or all a home’s short-lived components are replaced, and its long-lived components (foundation, frame) are left unchanged, greatly increases the home’s economic life, and reduces its effective age.

During a review of the neighborhood it was apparent that several of the homes had been renovated but the changes had not been accounted for on the property record cards. Some of these updated homes were current sales used in the 2020 pay 2021 trending, but most were not. In order to maintain consistency in the assessment of the neighborhood, adjustments were made to the homes that had been renovated but whose effective age had not been properly adjusted. In some situations, grade changes were also made to maintain consistency throughout the neighborhood. These changes, along with any physical changes due to new construction and res additions, were made to the properties used in the 2020 pay 2021 Trending, and those that were not. The partial reassessment of the neighborhood was necessary to improve the accuracy of the property records. This in turn helps to improve the accuracy of the trending. Adjusting for changes in the market cannot be done accurately if the county’s record of a property does not accurately reflect the property as it was at the time of the sale.

The city of Warsaw requires building permits for any type of home improvement or addition, but there is no ridged policing or enforcement of the regulations. This is evidenced by the fact that many of the sold properties have obviously been updated but there is no record of an improvement permit. The changes to the property only become evident during a field inspection or from information on MLS and/or Internet site where the property was listed for sale.

Effective Age Adjustments

Estimating the effective age of a property is based on ten major components of a home and their contribution, as a percent, to the home’s total value. The components include; Foundation, Frame, Siding, Roof, Windows, Plumbing/Electrical, Heating/Cooling, Kitchen, Flooring, Interior Paint/Trim. We have developed a formula that will produce an effective age when the original date of construction and the renovation date of each of the above items are imported. By having all our County’s assessors use this formula we have achieved greater uniformity in estimating a property’s effective age. Information about the updates is obtained from several places: building permits (which are not required in all municipalities when making improvements), Multiple Listing Services, internet searches, Homeowner, and visual inspections of all homes in a subdivision when out on sales disclosures. This method is applied to sold and unsold parcels equally as they are found. Our assessing staff routinely keeps an eye out for updated properties while in the field and any neighborhood that is undergoing regentrification.

Trending of manufactured homes in Kosciusko County

In 2014, the trending department for the Kosciusko County Assessor's office, recognized there needed to be a change in how manufactured properties were trended, as there was a difference in conventionally framed and manufactured home market values.

We created two Market Models and placed all "non-farmed" residential properties that contained a manufactured home as its main living structure into one of these market models. This "did not" include single wide mobile homes nor any conventionally framed homes. It only included manufactured homes. This procedure allowed us to remove any obsolescence placed on the property due to the home being a "manufactured" home.

Each year we have two factors that need to be looked at: The Neighborhood Factor and the Market Model Factor. Trending manufactured homes is then a "2 step" process.

Step 1: We look at the sales (excluding manufactured and mobile homes) in a Neighborhood to see how their Assessed Values compare to their sale prices. We then apply the indicated factor to the Neighborhood as a whole – including the manufactured and mobile homes in the neighborhood.

Step 2: We then looked at the sales of only Manufactured Homes in the two market models. The indicated market model factor is then applied to "all" manufactured (no mobile homes) properties in the appropriate market model. At the end of the process two factors will have been applied to the manufactured improvements on a parcel. The Neighborhood Factor and the Market Model Factor, causing their percent of change to be different than the "non-manufactured" homes in the same neighborhood.

Duplicates on the formatted Tab

There are some duplicate parcels on the formatted tab, but each sale will have a unique SDFID number. These may include vacant land sales where later in the year the property sold a second time as an improved parcel. Sales from multiple years were used in Commercial and Industrial trending, so there are cases where a parcel has valid sales in multiple years.